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Prof. Swanly

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****The Bank publishes from time to time in this* Monthly Review *signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

Our Economic Discontents

By D. Graham Hutton

I

THAT the whole world is fast in the toils of a crisis which far transcends economic confines, few would gainsay. It is vexed with political and economic problems, the solutions of which lie not within the scope of single countries to accomplish. The signs are plain, in the West as in the East, in Asia as in India, Africa, America: anxiety for the future of familiar institutions—property, religion, form of government, the family, the nation, peace and war; radical changes in creeds, customs, conventions, standards of living, and in the nature of mental and physical labour; the cessation of the growth of Western populations and the close advent of declining populations; the impinging of Western civilisation and its technique of production, and war, upon non-Western peoples; the growing inter-dependence and inter-communicability of the regions of the globe; and the sudden uprush of economic and political nationalism again; these are the stigmata of a great transition.

In a world so grievously distraught with political fears and economic anxieties, a world frenziedly engaged in damping-down its economic potentialities into narrow national conduits, can any remedies of general efficacy be devised and carried out by collective reason? Or must the separate nations spin their own threads of destiny? Benjamin Franklin said: "If we do not hang together, we shall assuredly hang separately." If

the nations *want* to hang together in this vastly interesting transitional epoch, what measures *can* be collectively devised and executed to facilitate the transition?

Later in this article we propose to set forth tentative answers to these vexed questions—answers, it is to be hoped, of some practical import. But at the outset it behoves us to look backward before looking around at the world to-day; and to look around before speculating in futures.

II

Not since the later Middle Ages have nations deliberately set out, as they do to-day, to be as economically self-sufficing as possible. For in the seventeenth and eighteenth, and most of the nineteenth centuries, the importance of the balance of payments as opposed to the balance of trade, and of the balance of trade as opposed to the mere securing of bullion and coin for a "war-chest," was fully realised. It has been reserved for the neo-Mercantilists of our uncertain age to rummage in mediæval *bric-à-brac,* and to deck out the old bullion Mercantilism with "Just so" stories about the national nature of modern productive technique. After the Napoleonic wars, England alone wanted freer trade. France feared English manufactures. Prussia laid the economic foundations of modern Germany in the Zollverein, imbued with the economic ideas of Fichte* and the nationalistic fervour liberated by Hegel. But the fine frenzy of liberal nationalism which swept away the Metternich system in Europe in the revolutions of 1848 was an *international* liberalism as well, based on international principles: the self-determination of small peoples, representative government, and the greatest good of the greatest number. It was not until the military nationalism of Bismarck's Prussia had separately defeated Denmark, Austria-Hungary and France, that the new German Reich of 1871 first attacked that liberal principle of free commerce which had triumphed in Cobden's Anglo-French treaty of 1860. Free trade lasted until 1874 and 1878, when the new German tariffs, quickly followed by higher tariffs in Austria-Hungary and Russia, unloosed a wave of industrial protectionism which carried France away from free trade. "The national system

***Der Geschlossene Handelsstaat* (The Closed Trading State) was first published in 1800—six years before Napoleon's defeat of Prussia at Jena!

of political economy," the title of Friedrich List's dissertation against Adam Smith in 1848, came into its own a generation after its publication.

Thus, a halt was soon called in the nineteenth-century development of the world's resources. It was called by vested interests. Not merely, be it noted, by the vested interests of private capitalists; but by the professed interests of whole nations, and the professed economic interests of peasants or farmers, and industrial workers. There were vested interests in the agriculture of States already highly industrialised; in the infant industries of States already highly specialised in the production of primary products and raw materials for export; and in the older industries of industrialised States which first felt the impact of foreign competition as the trading world developed. The influence of such vested interests was brought to bear, politically, upon the hitherto relatively free national economies of the world. Socialist, peasant, and right-wing political parties began that long train of "safeguarding" measures which entrenched older, traditional branches of economic activity in the leading countries, and entrenched new protected industries in the less-developed countries. Rigidities appeared in the costs-structure of all countries, where before had been a ready and rapid adaptability: rigidities of wages, of rents of land, of industrial profits (safeguarded by tariffs) in the oversea primary-producing countries. Free commerce became less free, more canalised into politically-conditioned channels. The "open door" principle of trading in political territories oversea gave way before the first onslaughts of tariff-reformers, economic Imperialists, and anxious industrial exporters in England, France, Germany, and the United States. A preferential tariff for the British Empire was examined at the inter-colonial conferences of 1887, 1894 and 1897; and finally, in 1902, the colonial prime ministers agreed on Imperial preference. The era of economic nationalism was well under way before the last war; and the newer colonial Powers taught the older Powers a lesson in its inauguration. England and Holland alone, with their great dependence on foreign trade for their standard of living, preserved the ideals of free trade, while admitting modifications in the detail of its practice.

The Great War of necessity accelerated the trend towards national systems of trade, by the distortions of oversea trade, of national productive mechanisms, of national debts, of

international indebtedness, and of currencies and the foreign exchanges. Political animosities and uncertainties seemed to justify the safeguarding of " key industries "—war industries —whether they were in the sphere of industry, as in Hungary and Poland, or agriculture, as in Czechoslovakia and Austria, or transport, as in the case of American shipping. For example, the French Government in the Draft Customs Revision of 1926 stated, with commendable perspicacity : " The tariff must ensure the existence of industries necessary to national life and its defence in case of war. This will embrace agricultural production, metal and chemical industries, and many others." And the British " Key Industries " or Safeguarding of Industries Act of 1921, scheduled a strikingly comprehensive list of such industries, including those which produced arc-lamp carbons, textile machinery components, fertilisers, and almost the entire range of chemical products. In industrialised countries, subsidies were lavished for the national production of foodstuffs and primary products—either within national budgets or by means of statutory levies upon consumers—thus turning the back on both the orthodox theory of public finance and the more equitably humanitarian theory of progressive taxation.

To the disruption and curtailment of world trade caused by the war-time premium placed on indigenous industries in the less-developed primary countries oversea, was added the protection of indigenous agriculture in the industrialised, capital-goods-exporting countries of Europe. As Sir Frederick Leith-Ross, Chief Economic Adviser to H.M. Government, has recently shown in his Memorandum to the League of Nations, this process spread industrial unemployment, of men and machines, throughout the European and American exporting countries, at the same time as it spread a ruinous trail of unemployed plantations and labourers throughout the oversea countries which had specialised in the production of food- and fodder-stuffs for export. If we merely note, in passing, the political bans imposed on new immigration into the less-developed countries, the ill-conceived attempt to maintain war-time international debts during a peace-time epoch when transfers of debt-services *would* not be accepted by creditors in goods or services, and the consequent failure to maintain the pre-war gold standard in a debt-laden world, we cannot wonder at the desperate expedients of economic

nationalism which finally overthrew the post-war international gold standard. We cannot wonder; for men—whether organised in vested interests as workers, or industrialists, or *rentiers*—will not die quietly. Nor will industries. Nor will whole countries. Statesmen acted accordingly, as the greatest statesmen have sometimes acted—along the lines of least domestic resistance. Xenophobia can be only too easily evoked by economic motives, and then turned to political account.

Agrarian protectionism forced the British Government to turn a blind eye on the full maintenance of her future income from her vast oversea investments, as well as on the markets for her manufactures in oversea primary countries. The British Government in its bilateral trade agreements limited imports of foodstuffs by quotas, and banged the once Imperial "open door" almost shut, at Ottawa in October, 1932. The breakdown of the post-war system of international currency and trade since 1929–31 is too well known, in detail, to merit further comment.

Everyone now begins to realise that the nations of the post-war world have so grievously intertwined their domestic economics with their domestic politics, and thereby so exacerbated the conflict of their once mutually compatible interests, that Western civilisation has become a prey to terrible queries. Is it true that economic factors have produced militant dictatorships, in the West and in the East? Are dictatorships and democracies compatible, economically and politically? Are personal liberty and free disposition over private property doomed? Must economic nationalism everywhere lead to corporate states? Why do the authoritarian political régimes of Italy, Japan and Germany demand colonies? To what end is this fanatical orgy of political and economic expedients urging all the Great Powers—America, Britain, France, Germany, Italy, Russia, Japan? To the very negation of the world's fast-narrowing confines: isolation? It would scarcely seem so. Rather, perhaps, to a sinister proximity.

III

At this point, a still small voice may protest: "Are you not putting in too much black in your picture? Are we in Britain, the Dominions, Scandinavia, not doing extremely well, despite your chiaroscuro style of presentation?" To this kind of query, the facts alone must answer.

In our own country, what we are pleased to call recovery has been induced by abandonment of gold, a new tariff-system, an embargo on foreign lending, and consequent cheap money. All these influences are wasting assets. Profitability has returned to those industries which enjoyed the sheltered home market; agriculture has been highly favoured; and exports have been maintained by the Ottawa agreements and the various bilateral trade agreements of the last four years. But despite all this, and despite the unexpected incidence of a vast public works scheme in the shape of the Government's re-armament programme, there is still a ruinous train of distressed industries and areas in the country. There is still an *enclave* of economic exiles in our community, especially in our seaports and industrial regions dependent on foreign trade, banned by poverty from the home market; still redundant industrial plant, shipping, shipyards, coal mines, textile mills, etc.

If we draw an arc from Gloucester to Hull including Birmingham and Sheffield, the bulk of our 1,831,000 unemployed and of our unutilised industrial plant will be found north of that line. A city like Liverpool is to-day working at under 50 per cent. of the capacity of its shipping and commercial services. The cotton and coal regions of Lancashire have been working at under 50 per cent. of capacity for years. Scotland, Tyneside, South Wales—these and other of our densely populated and equipped industrial regions have had depression clamped upon their shoulders by those very measures which Governments have taken to induce a purely domestic recovery. Such recovery, in consequence, has become more partial, more differential in incidence, more grievously distorted. The prosperous Southerner or Midlander looks pityingly, if at all, at the unemployment returns, and passes quickly to the Stock Exchange page, which amply reflects the influence of protection, cheap money and re-armament. But no amount of protection, cheap money, or re-armament has availed, or can avail, to effect any significant rise in our visible and invisible exports, and a consequent fall in the numbers of unemployed in the relevant trades.

Now the prospects of Government ability to keep the cheap-money boom going—by intensified efforts to insulate Britain from external tendencies—are being widely canvassed. The rationing of new capital issues—especially of domestic municipal loans—is being more stringently applied; speculative

interest is increasing, as outlets for normal investment become artificially constricted; and an aversion from long-term investment of any kind, corresponding to a higher estimation of the risk-premium, is becoming apparent. The economic advisers of the Statutory Committee on Unemployment Insurance have expressed the opinion that 1937 will be the "peak year" even of our domestic recovery, after which, *ceteris paribus*, unemployment may be expected to rise again. What sins is *ceteris paribus* expected to cover? A long-continuing re-armament programme? The public works so long abjured on "the Treasury view"? It is natural, in such a state of uneasiness over the economic outlook, that English and European voices should at last have been raised, after years of crisis, calling for a halt in this dangerous course, and a reversal of the engines. The new Premier-designate of France, M. Léon Blum, last month advocated a thorough-going liberalisation of trade; so did Count Schwerin von Krosigk, the German Finance Minister; and Mr. Beaumont Pease, President of the British Bankers' Association, made an eloquent appeal to the Government to do something to improve international trade and regain our lost export trade.

Let us look across the Atlantic. Despite all the external evidences of recovery—rising prices and production indices—the problems of American industrial unemployment and of unwanted land and labour in the Middle-West and South are proving less tractable, now, than was hoped when the initial signs of recovery appeared. Canada and Australia—with populations of 10½ and 6½ millions respectively, and vast natural resources—are both rapidly developing protected home industries, while the incidence of world depression falls heavily upon their agricultural primary producers. And what is common to the U.S.A., Canada and Australia is also true of Argentina, Brazil, Japan, and the many small, predominantly agrarian States of Europe. Each country has its unemployed plant or plantations, its redundant men or machines.

In all countries, the full employment of men, material and machines is the goal of economic endeavour. If, therefore, the movement of goods is impeded—if economic nationalism supervenes—then *men* and *capital*, together, must move to the less developed regions; otherwise the world's productive capacity becomes congested. That implies exports of *men-and-capital*, together, from the older countries, which increased

their populations under free trade, to the newer countries, which will increase theirs by economic nationalism. Incidentally, economic nationalism will necessarily press upon the populations of the older countries—as is already proved by their high figures of industrial unemployment. Perhaps the U.S.A., Australia, New Zealand, and Canada will be fully developed by immigration of men and capital together—as Palestine is to-day being rapidly developed by Jewish immigrants who must each bring with them £1,000 of capital.

But we are a long way yet from full employment of the world's resources. We are even a long way from full employment of the sterling area's resources of men and material. Britain probably enjoys the highest standard of living in that area; yet it is worth recalling that the eminent medical authority, Sir John Orr, in his recent report*, concluded that 50 per cent. of our population is living on diets below an *optimum* diet costing only 10s. per week per head. He concluded, further, that about 20 per cent. of our population is living on a diet below even the *minimum* (not the optimum) laid down by the British Medical Association in 1933. The paradox of extreme poverty alongside extreme riches at home in England is largely a result of a distorted national economy. The twin paradox is that of arrested development in the world's greatest repositories of natural resources. Both are too patent to be ignored by ambitious, politically expansionist Great Powers. Their leaders will point to under-development of oversea countries, as well as to under-employment in the older industrial countries' export industries. They will make the most of such a situation. Thus, if we turn our eyes away from Tyneside and Merseyside and Clydeside to Australia, Brazil and China, can we wonder that the virile populations of Germany, Japan and Italy—called upon by the exigencies of military dictatorships to make continuous sacrifices in their standards of living—look upon these, and other vast, still undeveloped territories, and say: "We need colonies"?

The economic depression and distortion of Italy, Japan and Germany is so great that it has already urged them to desperate courses. As Professor Robbins said last month: "Nationalism in one part breeds nationalism in others." This is the danger, the vicious downward spiral in world politics and world

* "Food, Health and Income," Macmillan, 2s. 6d. net.

economics alike. The one nationalism begets and fosters the other.

"So long as trade and investment are free, territorial possession is a matter of secondary importance." When trade and investment are Government-directed in each country, when the once-open doors are banged-to, then territorial possessions become important; trade becomes a political counter; and the conflicts of national interests become the more acute, as the Powers without political control of foreign markets (colonies) see their markets removed by the political controls of other Powers. With the narrowing of foreign markets goes the narrowing of the ability to import raw materials. And thus, finally, we are brought to the pass where, indiscriminately, Great Powers demand colonies on various pretexts—for surplus population, surplus capital, securing of raw materials, markets for manufactures. Count von Krosigk quite frankly stated in a speech on May 15th that the "open door" was "not enough" for Germany to-day. She needed absolute political control of oversea territories, "so that no *Devisen* problem would then arise" for Germany. These pretexts sound economic. But they are not so. They have been caused by grievous political-economic blunders in the world as a whole. If the nations had avoided those blunders, such claims to colonies would have stood forth in their true light: either as sheer expansionist Imperialism of a nakedly political kind, or as mere claims to a share in world commerce and development. The latter claims could have been met by constant, competitive co-operation to extend the world's markets and to develop its vast resources. Instead, the nations and the empires turned inward to conserve their own markets for their own producers. Now Italy, Germany and Japan have claimed greater territories, in which they, too, hope to turn inward. And the balance of opinion would seem to indicate that their territorial claims, though political, are based on convenient economic arguments.

IV

The world-wide economic crisis began in 1929. In 1931 the international currency crisis supervened; and since then, there have been a gold-standard (France and the gold *bloc*), a sterling standard, an American gold standard divorced from gold internally, and a host of clearing or exchange-control countries on a quasi-gold standard. As long as the gold

bloc countries maintained their deflationary efforts to achieve equilibrium of their costs and prices with those of the outside world, no general exchange stabilisation agreement could be envisaged. But for almost a year now France has been copying the United States—trying to reflate on gold—while the dollar-sterling-franc triangle has been stable. This has brought out clearly the fundamental incompatibility of the maintenance of the old gold parity with such a policy; and we may expect that, before long, the attempt to achieve equilibrium by deflation in the gold *bloc* will be abandoned, together with some percentage of the old gold parity. This is what occurred in Belgium and Czechoslovakia; and it appears recently to have happened in Poland. It is the first hopeful sign of a possible general stabilisation agreement—not necessarily on gold—for nearly five years.

Secondly, prices of raw materials everywhere in the world, and calculated both in gold and national currencies, have rapidly been rising during the last twelve months. This has brought together once more the two blades of the price-scissors agricultural and industrial, whose rapid falling-apart was the initial sign of the world crisis in 1929. It has also facilitated the achievement of equilibrium between costs and wholesale prices in most world-trading countries; the achievement of equilibrium between the costs of different countries; and the achievement of equilibrium between wholesale and retail prices. These developments, in their turn, help to mitigate the exclusive effects of tariffs on international commerce. Once international equilibrium of costs is in sight, exporters can hope soon to be able to adapt their costs to foreign tariffs, and so to jump them. Tariffs then become revenue producers, not prohibition agents. Only the vicious quota then remains as an effective barrier to imports.

There are favourable conditions, then, for the revival of world transport, trade, and finance. On what lines should it proceed?

V

The World Economic Conferences of 1927 and 1933 failed because they were top-heavy. Too many voices filled the air at once. The experience of the sterling *bloc* since 1931 points a moral. Where one or two leading countries can control a large proportion of the world's markets, and the prices of most raw materials and foodstuffs, they incur a great responsibility

for leadership and policy. To-day, if we assume that the financial difficulties of the gold *bloc* are finally overcome, and that commodity prices at least hold their recent rise, there is now in existence the nucleus of a world-trading "club" of nations. Every fiscal or financial act of that club would be so influential upon the world's markets and supplies that the majority of the world-trading nations would be bound to co-operate with it.

The countries which are now in some kind of economic association—financial, fiscal or commercial—are Great Britain, the British Dominions, Colonies and Mandates, the four Scandinavian countries as a unit, Argentina, Belgium, Portugal, and the three Baltic States. To these would certainly be added Holland and the Netherlands East Indies once the currency difficulties of the Dutch had been settled.

Immediately beyond this inner ring of world-trading nations stand France and the French Empire. Once the French currency problem is settled, it is doubtful if France could afford, with her heavy dependence on imported raw materials, to remain outside the club, as outlined above. The great mutual interest of Britain and France in each other's imports would probably prove conducive to the same end. And by the new French Government we have been promised a more liberal trading-policy.

Beyond France, in turn, stand two Great Powers with vast resources, who, because of their large domestic markets, are not so greatly dependent on world trade: the United States, and Russia. Co-operation with the United States in the revival of world trade is, to say the least, a possibility. For the experience of the Roosevelt régime, and the insistence of Mr. Henry Wallace on America's primary exports, has shown conclusively that not even America can afford to ignore the cotton and wheat markets. The small percentage of American industrial production which goes for export is none the less crucial when it comes to showing a profit or a loss. The Secretary of State, Mr. Cordell Hull, in an address to the Merchants' Association in New York on May 23rd, placed the issues before the American public very clearly: The United States must either follow a course of international co-operation in, and stimulation of, world trade, or else push the world towards political and governmental chaos and military adventure. Nevertheless, co-operation between the club and the United States is not

likely at the outset, to go beyond specific arrangements for the marketing of American products in club countries; and for the liberalisation of the American industrial tariff in certain specific cases, so that club countries would be enabled to pay their commercial or other indebtedness to America in goods or services.

The importance of the United States in the financial and commercial life of Latin America would surely be an inducement to Britain to bring the leading Latin American nations into co-operation with club members. On the other hand, Russia, too, has learned much in the years of world-wide depression; and it is a new Russia which now looks out upon a world distinctly less distrustful of Russia. The economic development of Russia has not stayed still during the last five years; it has progressed rapidly; and it would not be difficult to develop trade between club members and Russia.

Finally, there are the three Great Powers of the world which are variously known as "have-nots," "dissatisfied Powers," "totalitarian States," "militaristic," and the like. They certainly constitute a grave political and economic problem; for their economic systems stand tip-toe at the very apogee of economic nationalism. Never in the modern world —with the solitary exception of Russia, for whose social and economic system they all profess abhorrence—has there been an economic nationalism, a State-controlled corporate-capitalism like that of Germany, Italy and, subject to qualification, Japan. The cardinal question is: How much of their apparatus or economic nationalism is essential, *for domestic political reasons,* to the conduct of their totalitarian States? None can say. But we must at least proceed on the assumption that they cannot be cold-shouldered into greater, and more explosive, economic isolation—unless they elect to retire there themselves. To that end, Germany, Italy and Japan should be invited to co-operate in the revival of world trade and the resumption of development of the world's economic resources.

But what are to be the conditions of club membership?

VI

The conditions can only be a willingness among the members to co-operate in the drafting and common execution of a practicable economic programme. Such a programme could quickly be elaborated to-day. It need not do more than respond

to the general anxieties about specific economic problems which already stare us in the face. Necessarily, the advantages to be obtained by collective solution of these specific problems would have to be confined to club members, who were willing to take collective action for that solution. (For example, most-favoured-nation treaties between club members and non-member countries would have to be denounced.) This merely means that the club would have to draw up rules. Such rules would be implicit in the economic programme devised.

The following, in broad outline, are the possible heads of a specific, limited agreement to increase international trade and exchange between those countries who would agree to execute it :—

(1) *Currency and the Exchanges.*—An agreement might be concluded to maintain exchange-rates for a fixed period ahead, within definite narrow limits. Exchange Funds should be set up, where they do not yet exist, for that purpose. Where countries in the club have exchange-clearings, or clearing agreements, with any other club country, arrangements should be made to adapt them to the new system. The necessity for an association of Central Banks, *e.g.*, for common Exchange Fund operations, should not be overlooked. The regulation of the price of gold in club countries could safely be left to each country, once their mutual exchange-rates had been stabilised. Some gold would certainly pass between the members, where there was no other way of effecting mutual balances of payments.

(2) *Regulation of International Indebtedness.*—This would necessarily involve arrangements for the reduction of clearings, resumption of new foreign lending within the club, etc. Amortisation of outstanding, unregulated debts could be made to march hand in hand with the increase in the volume and value of trade between the participating countries. For example, M. Léon Blum has voiced the need to settle the French debt to America, as part of an agreement to increase international trade. It would be madness if the British Government did not take an equal opportunity to remove an obstacle to Anglo-Saxon understanding and co-operation.

(3) *The Gradual Abolition of Import Quotas.*—Their gradual removal would have greater immediate effects on world trade than a gradual reduction of tariffs. The rate of removal of the quotas would naturally depend on industrial and agricultural conditions in each country. But the number of countries comprehended in the agreements, and the simultaneity of their mutual concessions, will enable quotas to be abolished gradually without excessive economic distortion inside each country.

(4) *Mutual Annual Reductions in Tariffs.*—This was proposed in the Oslo Convention and Ouchy agreements of 1932 and 1933. Even small annual reductions in the tariffs of club countries would rapidly increase the volume of trade passing, in view of the present approach to international equilibrium of costs. Again, progress would have to be slow; but a simultaneous and effective annual reduction of only 10 per cent. *of the ad valorem customs duty itself* (*e.g.*, from a duty of 40 per cent. *ad valorem* to 36 per cent., and so on) would quickly make itself felt. In this respect, the most-favoured-nation clause would have to be denounced against non-club members.

(5) *Resumption of Emigration and Immigration.*—In conjunction with (6) below, the less-developed countries could easily agree to relax their immigration bans—not only in favour of agriculturalist immigrants, but also, *ex hypothesi*, in favour of immigrant industrial skilled workers from the older countries—*e.g.*, for development of the coal, iron, and mineral deposits of Australia, Canada, Brazil, Africa, India.

(6) *The Resumption of Foreign Lending.*—This would be restricted to participating countries, possibly by co-operation between the Central Banks' Association and the Exchange Funds. The increase in the volume of trade passing between the participating countries would itself be some guarantee for the annual services on new loans; and reductions of tariffs and abolition of quotas would permit payment of such services in goods. The extent to which services (invisible imports and exports) would revive—*e.g.*, shipping, insurance, international financing of goods in transit,

tourist traffic, commissions—would certainly be great; and this would balance the greater imports of goods into capital-exporting countries.

(7) *Reaffirmation of the " Open-Door " Principle in Colonial Trade.*—This is of cardinal political importance (*e.g.*, *vis-à-vis* Italy, Germany, Japan), though actually it would only affect Britain, France, Holland, Belgium and Portugal. The autonomous Dominions naturally would not be affected, otherwise than by their own agreement to modify their tariffs. The attempts of Britain, France and Holland to exclude cheap Japanese goods from Colonial territories, at the cost of poor native populations, would have to be modified. To the extent that trade within the circle of participating nations expanded, this policy would prove both practicable and profitable; and it would traverse the charges that Colonial territories were becoming threats to the vital existence of non-participating countries.

(8) *Supervision of International Monopolies.*—In order to draw the fangs of the argument about access to raw materials, the participating nations might usefully agree to supervise, in a liberal spirit, those international associations of producers who can effectively control the supplies, and therefore the prices, of elementary raw materials, *e.g.*, rubber, most non-ferrous metals, etc. Real and effective representation of consumers on the supervisory boards would greatly help to reassure not only consumers in the participating nations themselves, but also those in countries outside the club.

This economic programme, even if it were only set in hand, would exercise an immediate beneficial effect on the unemployed men, machines and plantations of the participating countries, as well as upon their services, *e.g.*, shipping, banking, insurance and tourist traffic. But it would encounter difficulties right at the outset. Are such difficulties insurmountable?

VII

First, it is evident that a forward economic policy of this kind stands or falls by its calming effects on the obvious

political instabilities and acrimonies of the present international situation. That, however, is not to say that *nothing* can be done economically until the elusive political confidence returns. For political confidence is as much a function of economic progress, as economic progress is of political confidence. If there is to be no more development of the world's economic resources, if nations are to pursue temporary and distorted national recoveries with increasingly artificial monetary and other stratagems, then the political pressure of Great Powers who have deliberately incurred economic difficulties is bound to break outwards, rather than inwards. In that event—perish the thought!—there will never be more political stability or confidence than there is now. Assuredly our most clamant need is to convince the principal trading nations of the national economic advantages to be derived from collective economic action. Appreciation of a common economic interest will quickly breed political stability and solidarity between the participating countries. It is worth recalling that membership of the League of Nations never paid, economically. If it had done so, its political achievements and potency might have been irresistible.

Secondly, it is clear that each Government in the countries of the club will have to face strong and organised opposition from those national vested interests—producers, investors and workers—who will be dis-entrenched by the gradual reduction of tariffs and the gradual abolition of import quotas. Such opposition should be taken in hand by the Governments themselves and their spokesmen, who will be able to point to economic benefits in other, more economical, more productive branches of national economic life. The spectacle of many Governments taking a stand on the slogan: "Bigger and better national incomes," would be indeed welcome. It might incidentally prove an inestimable electoral boon to those democratic Governments which appear to have lost both grip and vision during the economic crisis. Nor need these Governments fear outbreaks of economic xenophobia at home, as long as they have real economic achievements to show their countrymen, in exchange for a gradual straightening-out of the distortions caused by the depression and by the random expedients adopted to palliate its effects. After all, the ordered and gradual modification of domestic agriculture or industry will be neither as sudden, nor as dislocating, as those induced by

the devices of economic nationalism. And they will have a stimulating, rather than a lowering, effect on national incomes.

Thirdly, however, there is one difficulty which is bound to prove less tractable than others. The increase of international trade and the resumption of economic development of many countries' resources envisaged in some such programme will inevitably raise the question : What is to happen to the independent credit policies of those nations which have hitherto induced recovery mainly by monetary methods ? Will rates of interest rise with rising foreign trade and the resumption of foreign lending ? If so, will not this exert a deflationary effect on the industries working purely for domestic demand,—house-building, distributive trades, transport, amusements, etc. ? A partial answer lies in the extent to which the exports of capital goods to primary countries revive. They will presumably increase as soon as foreign loans can securely be made. But the *industrialised* countries, it must be remembered, are always the best customers of each other. For example, Britain and Germany, or France and Germany. And their mutual trade is not only in capital-goods, but in specialised consumption-goods as well. Moreover, to attempt to answer these well-founded queries, without any regard to the new co-ordinating functions of the various countries' central banks and Exchange Funds, would be missing one new factor of supreme importance. There is no reason to suppose that, if foreign trade were increasing among the participating countries, a *deflationary* effect would ensue *inside* any country, for that reason alone. There is no reason to expect violent distortions of balances of payments in the club, or falls in the exchange value of national currencies, once trade is increasing, foreign lending being resumed, and transfers co-ordinated by the collaboration of central banks and exchange funds. At least, any long-run tendency for one currency to depreciate, or to appreciate, could be gradually corrected by both the appropriate national and collective action.

VIII

It is assuredly in some such direction as this that we must look for an escape from the world's present economic discontents. The alternative seems to be a race between bankruptcies : the political bankruptcy of the more favoured trading States, now adding unto themselves the growing financial burden of

armaments; and the economic bankruptcy of the less-favoured States, with their authoritarian economic apparatus and the overwhelming importance they attach to military expenditure. Whichever bankruptcy wins, a political explosion is bound to occur, sooner or later, from the effects of which no trading country can hope to remain immune. The dictators are right in one respect: neither the world, nor the nations, can remain static. But that is no reason why dictatorships alone should be dynamic; nor why the world should be dynamited towards disaster.

The great transition in which we live can yet be turned to the economic advantage of many countries. The only condition is that the downward political and economic spiral should be arrested and reversed. It is the theme of this article that an attempt can, and should, be made to form a non-imperial, economic association of countries for the redressment of their trade, and the full exploitation of their idle resources. Only by collective means can they hope to achieve both economic progress and political tranquillity. Failing such an attempt, the outlook for the world—and for Europe in particular—seems wreathed in a grim obscurity.

D. Graham Hutton.

27th May, 1936.

Notes of the Month

The Money Market.—While money remains very easy, it was not quite so plentiful during May. The banks' supply of cash was slightly less than usual, and on fairly frequent occasions the banks called small amounts from the money market. The banks have also been reluctant purchasers of bills. There were two explanations of this change. In the first place, as a result of French hoarding of British currency, the Bank of England's note circulation rose to a record height of £424·8 millions. This withdrawal of notes from the banks reduced both the Bank of England's Reserve and the cash resources of the clearing banks. The counterpart to this flight of funds into English currency was heavy purchases of French gold by the British Exchange Equalisation Account. To make room for this gold, the Account had to reduce its holdings of Treasury bills, and so fresh Treasury bills were turned over to the discount market and the banks. To the banks the net result was a reduction in their cash, off-set probably by an increase either in their holdings of Treasury bills or in their loans against Treasury bills.

Secondly, during May the Government was accumulating funds in readiness for the big War Loan dividend payment on June 1st. Thus public deposits rose from £7·4 millions on April 29th to £21·0 millions on May 20th. This also caused a reduction in bankers' deposits, which on May 20th stood at £80·1 millions, compared with £104·7 millions on April 29th. This drop of £24·6 millions is due to both the influences already described.

The weekly offerings of Treasury bills have lately been raised from £45 to £50 millions, and the tender rate has increased from about 10s. 6d. to just over 11s. per cent. So far the current excess of expenditure over revenue has been greater than a year ago, and if this is the explanation of the increased offerings of Treasury bills, discount rates are likely to remain firmer. If on the other hand more Treasury bills are being issued because of the Exchange Equalisation Account's Operations, the harder tendency of discount rates is more likely to be transient.

The Foreign Exchanges.—The market has been dominated by a further crisis in France, which in many ways was the most serious of all. The victory of the Left at the French elections at

the end of April gave rise to a sudden feeling of nervousness, inspired by fears both of devaluation and of confiscatory taxation. There followed a new flight of funds from France, and, unlike previous flights, it was shared in by Frenchmen of moderate means. There were numerous transfers of small bank deposits to London, while French purchases of British currency raised the Bank of England's note circulation to a new high record. This movement threw a new and serious strain upon the franc. The British Control had to give constant and heavy support, and the dollar and most of the gold *bloc* currencies appreciated to the point where it became profitable to ship gold from France. The French authorities at once took energetic measures to defend the franc. M. Blum, the Socialist leader, declared himself opposed to devaluation. Bank rate was raised from 5 to 6 per cent., and the French banks were asked to limit both spot and forward exchange dealings, so as to check speculation and the flight of capital, and also to restrict dealings in gold coin and bullion. After a fortnight the pressure on the franc subsided, but during this fortnight the Banque de France's gold stocks fell from Frs.60,768 to Frs.57,515 millions, while to assist the commercial banks and the Treasury, the Banque de France had to increase its rediscounts from Frs.15,021 to Frs.17,559 millions. In London, spot sterling rose at one time to over Frs.75½, in spite of the British Control's heavy purchases of francs, while three months' francs were nominal at rates of Frs.4½ and Frs.5½ discount. The spot rates for dollars and for the other gold *bloc* currencies weakened in sympathy with the franc, but the forward rates did not display any serious weakness, thus indicating that the strength of these currencies themselves was unimpaired. During the third week of May the franc received a respite, partly because of the Ascension-day holiday in Paris on May 21st, but the outlook for the franc remains very uncertain.

The Stock Exchange.—During May markets were influenced mainly by international developments, including the weakness of the franc. They were therefore inclined to be hesitant and inactive, in spite of further good news of the progress of home trade. British Government securities weakened slightly during the latter half of May, mainly owing to lack of support. In the foreign bond market European issues were uncertain, while Chinese bonds fell sharply after the receipt of the statement on the extent of smuggling in North China. Home railway stocks

responded early in May to the favourable traffic returns, but the rejection by the N.U.R. Conference of the offer to restore half the wages reduction threw a shadow over the market and prices have since receded. Foreign railway stocks have lacked interest. In the industrials market prices were inclined to sag during most of the month. Prices had already responded fully to the home revival in trade, and so last month were affected more by the general feeling of doubt than by the news of the further progress of home trade. It is a question if recovery has not for the moment been fully discounted, and many industrial share prices are now a little below their best for the year. There were several big price advances in the oil share market, mainly in the Eagles group, and this market attracted most of the limited amount of speculation in evidence during May. Towards the end of the month there was a certain amount of profit-taking. The rubber and tea share markets were dull. Interest in the Kaffir market was concentrated upon one or two shares, notably West Witwatersrand. Base metal shares remained steady, but attracted little new interest.

Commodity Prices.—The weakness of the franc temporarily unsettled the produce markets, and during the first fortnight of May, British wholesale prices fell from 112·7 to 112·5, and American wholesale prices from 119·2 to 117·4. Later in the month the British index number recovered to 112·7 again, but the American index number fell still further to 116·7. Should the franc be devalued, one consequence may be a decline in British and American prices, for French exporters will gain new competitive powers. No doubt a realisation of this possibility explains the fall in prices during early May, but in England this decline has now been recovered, and it is clear that the progress of the trade revival remains the dominating influence.

During April, the official cost-of-living figure remained at 44 per cent. above its pre-war level, while retail food prices fell from 26 to 25 per cent. above pre-war. On May 1st, 1935, the cost-of-living index stood at 39 and the retail food price index at 18 per cent. above pre-war, so that there has been a rise in both figures during the past year.

Overseas Trade.—The April trade returns continue the trend of previous months. Compared with April, 1935, total imports have risen from £59·9 to £66·7 millions, while

exports of British goods have only risen from £33·0 to £33·4 millions. There was a rather greater increase in re-exports from £4·2 to £5·9 millions, but the adverse trade balance expanded from £22·7 to £27·3 millions. The returns for the first four months of this year are summarised below.

Description	Jan.–April 1935	Jan.–April 1936	Increase (+) or Decrease (−)
	£ mn.	£ mn.	£ mn.
Total Imports	237·9	266·7	+28·8
Retained Imports	219·8	244·9	+25·1
Raw Material Imports	69·2	80·8	+11·6
Manufactured Goods, Imports... ...	58·2	67·4	+ 9·2
Total Exports, British Goods	138·5	139·5	+ 1·0
Coal Exports	9·8	8·8	− 1·0
Iron and Steel Exports	11·3	11·1	− 0·2
Cotton Exports	20·7	20·3	− 0·4
British Manufactured Goods, Exports ...	108·1	108·8	+ 0·7
Re-exports	18·1	21·8	+ 3·7
Total Exports	156·6	161·3	+ 4·7
Visible Trade Balance	−81·3	−105·4	+24·1

The expansion of £28·8 millions in imports is due both to a rise in their average price and to an increase in their volume, the latter influence preponderating to a slight extent. The average price obtained for our exports was probably slightly higher than in 1935, while their total volume was a little less. The net change in both price and volume, however, was only of the order of two per cent. The increase in our adverse trade balance is probably due to several causes. First there is some evidence that the pound has become slightly over-valued against the dollar, for as both the dollar and franc are linked to gold, the dollar has lately been dragged down against sterling by the franc. Next, our recovery is largely confined to home trade, but at the same time is expanding home-purchasing power. Both these factors tend to increase the volume of our imports, while the world rise in the prices of primary products is also adding to the value of our imports. Unfortunately the restriction and stagnation of world trade is preventing our exports from keeping pace, and it looks as if, under present world conditions, our export trades find difficulty in expanding much further.

Home Reports

The Industrial Situation

British trade and industry continue to make progress, and the reports from different centres summarised in the following pages convey the same favourable impression as those of previous months. The more general indications are also good. Employment has risen to a new high record of 10,712,000, and the Board of Trade's index number of industrial production for the first quarter of this year has also established a new high record. Production and activity in the heavy industries are well maintained, current railway goods traffic returns and news from the consumption goods industries are also encouraging, while retail trade for April was 5·0 per cent. in value above that of April last year.

This favourable impression of the state of home industry, however, is subject to one or two qualifications. The first is that our export trade is now failing to keep pace with the home revival. This imparts to the latter a definite lack of balance, for while many parts of the country are prospering, others which depend upon overseas trade and shipping, are still acutely depressed. Even if the building revival, which has been a main support of the general recovery, has now reached its peak, rearmament is now inaugurating a further period of specialised activity which may intensify the lack of balance. Further problems will also arise when rearmament is complete, and plant and workers are no longer required for this purpose. As matters stand, there is a shortage of skilled labour in some trades, off-set by serious unemployment in others. More immediately, there is the chance that either the franc will be devalued or that France will impose exchange restrictions. In either event, world prices and trade may undergo a serious readjustment, and it is noticeable that the early May weakness of the franc was accompanied by a recession in both British and American wholesale prices. All this means that while the British trade revival is still making progress, the future is not entirely so clear as a few months ago.

Agriculture

England and Wales.—According to an official report, the growth of autumn-sown crops was retarded by the cold weather

during April. At the end of the month corn crops showed a slight improvement in appearance. Germination of spring-sown corn has been slow. There was a fairly large acreage of potatoes still to be planted at the beginning of May. The preparation of the land for root crops is more backward than usual, but the sowing of mangolds and sugar beet has been started in most districts. The fall of lambs in hill flocks has so far been normal. Pastures made very little growth until the end of April. Cattle which were turned out to grass early, lost condition, and sheep, particularly hill sheep, have not made good progress. Milk yields were below normal.

Scotland.—Weather conditions during May, while still cold, have been more conducive to growth, but everything is still suffering from lack of moisture. On the whole, grain has " brairded " fairly well, and in most districts winter-sown wheat is looking quite vigorous. Turnip sowing is well advanced, and some moisture, followed by a spell of warmth, would do a world of good to all root crops. In the produce markets there is not much grain on offer and prices have been steady. Potatoes have fallen somewhat owing to foreign imports. Fat cattle were rather more plentiful, but fewer store cattle and store sheep were on offer, and trade in stores has been brisk.

Coal

Hull.—Collieries are able to dispose of all qualities. Prices remain high.

Newcastle - upon - Tyne.—Steam coal remains in good demand at steady prices. Graded coal is heavily sold ahead, and new business is difficult to negotiate. Durham gas and bunker coal are fairly steady, and there is a better enquiry for coking coal. Business in coke is somewhat restricted, as the demand exceeds makers' capacity. Gas coke is also strongly held at top prices for spot and forward shipments.

Sheffield.—Demand for industrial fuels remains strong, and prices are firm. The increased quotas have facilitated deliveries of certain qualities of steam coal. Export business is rather quiet. House coal is dull.

Cardiff.—General demand remains poor, and all classes of large coal and cobbles are readily obtainable at schedule

prices. Sized coals, washed and unwashed smalls are strong, and in most cases difficult to obtain. Forward demand is poor.

Newport.—Foreign shipments of coal during April were again disappointing, amounting to only 99,000 tons, against 110,000 tons in the previous month and 138,000 tons in April last year. Dock shipments, foreign and coastwise, averaged only 39,000 tons per week, compared with 45,000 tons in March and 44,000 tons in April, 1935. Patent fuel shipments declined from 4,200 tons in March to 3,300 tons in April and were 3,500 tons less than in April last year.

Swansea.—Enquiry for anthracite coal from the Continent has remained quiet, but the opening of business with Canada has naturally improved the market. Best anthracite is steady, but second qualities and others are irregular. The undertone is slightly better. Most steam qualities are easy, and bunker throughs are offered freely at unchanged prices.

East of Scotland.—In Fife first-class steams continue strong, while third-class qualities are somewhat firmer. Washed fuels of all grades are active and in good demand. In the Lothians steams of all kinds have been steady and washed materials are well booked up. There has been the usual seasonal reduction of 2s. 6d. per ton in house coal.

Glasgow.—Collieries are now experiencing the seasonal contraction in the household trade. Industrial demand continues good, and export trade shows some improvement, but the difficulty of securing return cargoes has been a drawback in certain cases. The bulk of the output is being fully absorbed. Washed nuts in particular have been in short supply, and outputs are fully contracted until well into June. Prices are steady.

Iron and Steel

Birmingham.—All works are busy and order books are full. New buying was slack during May, as both pig-iron and finished steel prices are expected to be advanced at the end of June, and consumers see no point in adding to their commitments until the price position is clear.

Bristol.—The position is much better than a year ago. The improvement should continue during the next few months.

Sheffield.—The record rate of steel production in the Sheffield district is being well maintained. Manufacturers of basic steel continue to work to capacity. The call for basic

billets is insistent, and complaints are heard regarding deliveries. Acid carbon steels are in good demand, and stainless and heat-resisting steels have made further progress. Strip and bar mills are busy, and re-rollers are fully employed.

Tees-side.—Manufacturers of iron and steel are experiencing great difficulty in keeping abreast of their obligations. Pig-iron production will be increased early in June, as another blast furnace is being brought into operation, but more extensive rekindling of idle plant will be necessary if customers' requirements are to be met fully. The production of foundry iron has now been resumed, but arrears of deliveries under old contracts prevent any supplies being released from the market. East Coast hematite is also scarce. Both foundry and hematite iron prices are to be raised in July. Steel plant is fully occupied with home orders, particularly from the re-rolling trade and structural engineers. Shipbuilding specifications are quite active, railway materials are in fair demand, and sheets find good markets at home and abroad. Export business generally is quiet.

Walsall.—Malleable iron-founders and tube manufacturers are doing good business. Demand from engineers is good.

Newport.—Home demand for iron and steel is brisk, and all works are busy.

Swansea.—A quiet but steady demand for tinplates has been maintained. The industry has therefore been able to operate at 57·16 per cent. of capacity.

Glasgow.—The iron and steel trades continue busy. After a brief lull, new orders have been placed on a good scale. Demand for shipbuilding steel is expanding. The yards are now busy on some important Admiralty work, and also on a good number of mercantile contracts. Sheet makers are busy on home orders, the motor trade being an important buyer, but export business remains backward. The tube trade is rather irregular. Pig-iron is in good demand, and the output is moving directly into consumption.

Engineering

Birmingham.—Motor and cycle manufacturers are very busy with large orders for Whitsuntide delivery. Light sections of the trade generally continue very active, and the

heavy sections such as steel constructional work and boiler-making show some improvement. Electrical manufacturers are very busy and export trade is good. Building materials are in keen demand. The tube trade is busy. There is still a shortage of skilled labour.

Bristol.—In the aircraft manufacturing section a number of workpeople have been temporarily suspended, but it is expected that normal working will be resumed at an early date. Motor engineering firms have been busy, and one firm of mechanical engineers is extending its works.

Coventry.—Production of motor vehicles, both for private and commercial use, continues active. The cycle trade is also busy. Aircraft and aero-engine manufacturing industries are fully employed, and it is understood that the building of some new factories will shortly be started. The machine tool trade is engaged at full capacity.

Leeds.—Firms engaged in lighter engineering are well employed. The heavier section shows some improvement.

Leicester.—Home trade is good. There is great activity in all departments, which is expected to continue for some considerable time. Export trade is fair.

Sheffield.—The improvement continues in the general engineering trade. Most manufacturers are well employed, and prospects for the immediate future are very promising. The various sections of the tool trade continue busy. In spite of extensions to works, many sections still find difficulty in giving satisfactory delivery. The revival is mainly due to the improvement in home trade, and to the placing of Government contracts, but export trade is also better.

Glasgow.—Clyde shipbuilding continues to enjoy a steady recovery, and several yards have more ships on order than available building berths. These are able to lay the keel of a new vessel immediately following a launching ceremony. In mercantile work, tanker tonnage has played a big part in the improvement, a building programme consisting of 16 tankers, with an aggregate tonnage exceeding 180,000 tons deadweight now being in progress. Despite the completion of the *Queen Mary*, which reduced the work on hand by 80,000 tons, the tonnage still under construction is the highest recorded since 1930. Marine engineers are also busy, both on Diesel and steam machinery.

Metal and Hardware Trades

Birmingham.—The cold rolled brass and copper section is still fairly quiet. Prices are steady. The brass hardware and foundry trade is busy. Exports are rather better.

Sheffield.—The demand for medium and better-class E.P.N.S. ware has improved, but business in the cheaper grades is quieter. The spoon and fork section is busy. Business in table cutlery is rather quiet. The sterling silver trade is better, but there is still room for much improvement. Manufacturers of safety-razors and blades are well employed.

Chemicals

Business remains steady in most sections of the market, and trade in wood distillation products has been good. There has been a satisfactory enquiry for coal-tar products, but sales of naphthalene and cresylic acid have been restricted through lack of supplies. There is only a limited demand for pharmaceutical chemicals.

Cotton

Liverpool.—During the past month there has been a good general business in spot cotton, particularly for forward delivery. In American, a fair business has been done for spot and forward; in Argentine and Peruvian a good business for forward delivery; in Brazilian and Sudan Sakels a fair business, and in Egyptian Uppers a moderate business. On the "futures" market prices have been steady and the undertone good. In the American and Egyptian sections the heavy discounts on "new crop" months have been maintained. It is reported from Washington that out of the 1,000,000 bales of "loan" cotton to be released this season, some 500,000 bales have already been released. This additional supply has been absorbed without difference to price or basis, and this fact instances the underlying strength of the market. It is anticipated that the remaining 500,000 bales will be readily absorbed. Reports regarding the progress of the new American crop are mixed in character. In the northern States seeding is backward, and in the eastern States hot dry weather has delayed germination. In the western States the outlook has improved, as good rains have recently fallen. Over the whole cotton belt

70 per cent. of the planting has now been completed. Acreage estimates vary from 30 to 32 million acres and on this basis represent an increase on last year's figures of about 17½ per cent. Manchester reports a more cheerful tone in the cloth market and a slightly better turnover. American and Egyptian yarns have been firm and more enquiry has been experienced.

Wool

Bradford.—The relative dearness of raw wool continues to be the main factor in fixing the current prices of tops. There is not much new business, but buyers find it difficult to obtain any concessions. Export trade is very disappointing.

Hawick.—Prices of all wools used in the Border tweed trade are fairly steady after the recent slight fall. Mills are well employed on the whole, as the orders which continue to come in from Germany and other central European States are making up for loss of trade in certain other directions, notably with Italy. The hosiery and underwear section was adversely affected by the prolonged cold weather during the spring months, and most of the activity in this branch is in the manufacture of knitted woollen goods for outerwear.

Other Textiles

Dundee.—Business in all sections of the jute market remains quiet, and prospects of any immediate recovery are not very promising. Enquiry is fairly active, but orders are few in number and for small quantities with early delivery. Raw jute is firm in price, but spinners are not interested.

Dunfermline.—Business in the Fifeshire linen trade is a little firmer, but orders are still being placed mostly in small quantities. Conditions remain very uncertain in the raw flax market, and this is hampering considerably any extension of business. Wet spun yarns are in rather better demand, with prices steady, but the market in dry spun flax and tow yarns continues dull.

Clothing, Leather and Boots

Bristol.—The clothing industry shows little change. Trade in boots and shoes continues to be fairly satisfactory.

Leeds.—This is the busiest season of the year in the clothing trade. Manufacturers find it difficult to complete orders owing to a shortage of labour.

Leicester.—In the outerwear section trade is only fair, and there has been a distinct falling-off during May. Trade in the underwear section is up to average. In the men's hose and half-hose section home trade remains at a medium level, but export trade is poor. The late spring has hampered sales. In boots and shoes home trade is good, but export trade is negligible. Full time is being worked in most factories.

Northampton.—The demand for footwear remains steady. Factories are working to capacity in the borough, and in some cases overtime has been necessary, but at the moment, owing to seasonal causes, trade is a little quieter. Buyers have realised that the rise in leather prices will continue, and have placed large orders for delivery some time ahead.

Walsall.—New buying in fancy leather goods has been quiet during the past few weeks, but conditions are expected to improve in the coming summer months. In the tanning industry the price of light hides continues to harden.

Shipping

Bristol.—Arrivals of shipping during April and May were slightly below those of the corresponding months of last year. The lading generally has improved, however, and the volume of imports has increased. Grain, oilseeds, feeding-stuffs and tobacco imports continued to improve. Petroleum and timber maintained their last year's level.

Hull.—There is only a limited demand for tonnage. Rates rule easy for all destinations.

Liverpool.—Outward coal freights have been dull at unchanged rates. Homewards from the River Plate chartering has been moderately active for steamers of handy size, and schedule rates are maintained. From Montreal to the United Kingdom a fair interest has been maintained for May to July loadings, but, with ample tonnage available, rates are unchanged. Elsewhere featureless conditions have prevailed.

Newcastle-upon-Tyne.—Business has been very dull for Mediterranean and overseas trade, rates in most cases being in shippers' favour. There is more enquiry for the Baltic, and owners are holding out for better rates.

Southampton. — Recently issued statistics relating to shipping traffic dealt with at the docks during April are very favourable, and reveal a continued general expansion in trade. Compared with the corresponding month of 1935, increases were recorded of 74,315 tons in shipping tonnage (gross) entered, 10,501 tons in imports, 2,176 tons in exports, and 960 in passengers. Imports of South African deciduous fruits through Southampton Docks during the season now drawing to a close have been particularly heavy at 3,889,744 packages, representing an increase of 24 per cent. in tonnage over the corresponding period of the previous season. It is anticipated that passenger movements on the North Atlantic route this year will be greater than in any year since pre-depression days. During June there will be 22 passenger liner arrivals at Southampton from New York alone, compared with a total of 16 in June last year.

Cardiff.—The freight market shows no improvement. Orders are scarce and the tone remains barely steady.

Newport.—Freight rates have remained at a very low level. Demand for tonnage increased slightly at the end of April, but the supply has been more than adequate to meet charterers' requirements. There are now two vessels laid-up in the docks and two in the river.

Swansea.—No orders have been posted for Mediterranean directions, and the Bay ports have also been neglected. In the Coasting market a fair enquiry has been maintained, and tonnage has not been offered particularly freely. Rates remain at the recent improved levels.

East of Scotland.—There were twenty-five vessels on loading turn at the Forth coaling ports at the middle of May. Leith dock trade for April compared favourably with the same month last year, showing an increase of £2,416. There was a notable increase in grain shipments, chiefly accounted for by the importation of 16,000 tons of maize. Practically all exports increased except those of cargo coal.

Glasgow.—The freight market has remained quiet. A fairly brisk business has been passing in the Baltic trade for coal space, and as suitable tonnage has been restricted, rates have been firmly maintained. The French, Bay and Mediter-

ranean trades have been dull. In the Atlantic trades Montreal has been a little busier. Coastwise business is moving quietly at steady rates.

Foodstuffs

Bristol.—In the preserve manufacturing section there has been a seasonal suspension of a number of women workers. It is expected, however, that they will shortly resume work.

Liverpool, grain.—During the early part of May the wheat market was firm at advancing prices, and considerable business was done in Australians and Manitobas. Latterly, prices have fallen, and although demand continues good, the outlook has been somewhat altered by improved crop prospects in the United States. Beneficial rain has fallen there at a time when extensive damage to the winter wheat crop was threatened. The condition of the American crop on May 1st was estimated officially at 67 per cent. against 68·5 per cent. a month earlier, and the indicated yield at 463,708,000 bushels against 493,166,000 bushels in the previous month. Good progress has recently been made in sowing spring wheat in the United States and Canada. In the former country sowing is almost complete and in the latter it is proceeding normally though somewhat late owing to wet weather. In other wheat-growing countries the weather conditions are generally good, except in Australia, where anxiety is being felt at the absence of rain. The statistical position of wheat is much stronger this year, and private forecasts indicate a world carry-over on July 31st next of about 170 million bushels compared with 316 million bushels last year.

A considerable business in maize was done at firm prices, in the early part of the month. Latterly, however, owing to the warmer weather in Europe, the demand has fallen away and an easier tone has developed.

Liverpool, provisions.—During the month prices of Continental bacon ruled barely steady, demand remaining quiet, but English killings showing an increase. American hams were firm with some advance in values. The demand for lard proved poor and prices easier. In butter, Empire varieties continued for a time steady and unchanged in price, but have lately advanced, and a very firm market is expected. Continental makes are becoming more plentiful and finding ready buyers.

Cheese arrivals were small, but demand was good and the market has hardened. In the canned goods section, meats were in good demand at unchanged prices and fruits normal at steady prices.

Fishing

Brixham.—During April landings of wet fish fell to 3,032 cwts., compared with 3,663 cwts. in March. Prices continued firm and were generally higher during the month. Shell-fish landings were small, and poor prices discouraged fishing in this class.

Lowestoft.—During April the quantity of wet fish landed by British vessels amounted to 67,000 tons, valued at £1,027,000, compared with 60,000 tons, valued at £1,043,000 in April, 1935. There were increases in the quantities of cod and plaice, while the quantity of haddocks was almost double that of last year. Demand from Germany for fresh herrings continued to be good. The total quantity of herrings landed during the first four months of the year was 27,000 tons, valued at £217,000, compared with 21,000 tons, valued at £172,000 in 1935. There has been a satisfactory clearance of last year's herrings from Continental stores. While in England a number of drifter owners at Great Yarmouth and Lowestoft are ready to avail themselves of the financial facilities afforded by the Herring Industry Board for the purchase of new herring nets under a loan scheme, fishermen in Scotland feel that a grant should be given them.

Penzance.—The mackerel fishing with the East Coast drifters has shown an improvement. Prices have been much steadier and demand rather better. The Cornish liners have also done fairly well, and boats have landed catches from £108 to £45 per week. Rays and skate are still in good demand.

Scotland.—Some activity is now manifesting itself in the Moray Firth, but at the middle of May preparations for the herring fishing were not far advanced. On May 15th, owing to the absence of buyers, the port of Fraserburgh had to be closed and a considerable quantity of herrings dumped. Curing operations are expected to begin on the East Coast about June 9th. At Stornoway, on the West Coast, a number of vessels, including some from Lowestoft, are at work, but results

have so far been very moderate. The herrings were bought for curing, bait supplies and retailing local. The white fishing round the coast was disappointing during May. Prices ruled steady to firm.

Other Industries

Paper-making and Printing and Publishing.—Unemployment has increased in Bristol owing to recent newspaper reorganisations. Messrs. A. P. Burt & Sons, Ltd., paper-bag manufacturers, whose business has outgrown their premises inside the city, have acquired the Severn Kraft Mills at Portishead, near Bristol, with a site area of over 22 acres.

In the Edinburgh paper-making trade the demand on home account is fairly good at present, and some of the mills are working full time. There is not much movement on the export side yet, owing to international difficulties. The printing trade is satisfactory: commercial printing has sagged a little, but book printers are busy.

Pottery.—Longton reports that home trade continues satisfactory, but there is considerable room for improvement. Pottery exports for April at £256,259 were below last year's exports of £274,371. Aggregate exports for the first four months of 1936 show an increase of £24,500 over the corresponding period of 1935. Imports of pottery and clay products have increased.

Timber.—Hull reports that further considerable business has been transacted *ex* stock, and prices obtained are reasonable. Where suitable contracts were available importers concluded several forward contracts, the chief demand being for fifths redwood. Unfortunately only poor specifications now remain, and quite a few firms have purchased unsorted whitewood, which can be obtained at about the same price as fifths redwood. The spot and forward markets are extremely firm, and prices are advancing. Russian shippers advise that there will only be between 20,000 and 30,000 standards of further sawn goods, but stock notes for these are not yet available.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Secondary industries, building and general trades show continued improvement. More employment is available, and much new construction work is in prospect. The Stock Exchange is firm. The winter trade recession will probably prove to be short and moderate. Wool sales for ten months realised £46,000,000. For the nine months from June 30th last there was a favourable trade balance of £21,000,000 sterling, as compared with only £11,000,000 for the same period last year. The average statements of the trading bank for the March quarter give Deposits at £293,000,000, and Advances £259,000,000. Local cash holdings are unchanged, but London assets have increased by some £8,000,000 since the December quarter. Western Australia and also the Western half of Victoria, need early rain for wheat and pastures; weather conditions in the other States are mostly satisfactory.

Canada

From the Imperial Bank of Canada

The opening of navigation caused some seasonal improvement in business, but this has been followed by a period of hesitancy. The revival in building and construction has not come up to previous hopes. There is a seasonal increase in motor vehicle construction, but the total volume is below last year's level. Car-loadings have been helped by recent grain movements, and railway earnings have increased substantially. Mineral production is less, but the paper and lumber industries are more active. Electric power production has reached a new high record. Generally speaking, industry is awaiting more definite indications of the Government's fiscal policy. Trade with the United States has improved since the new Agreement, but the effects of other recent tariff adjustments are not yet clear. Also a revision of the Trade Agreements with Great Britain is in prospect. The stock markets have been affected by the financial difficulties of the Provincial Governments and by threats of default or forced conversion. Exceptionally, Dominion Government bonds have advanced to the highest prices recorded for nearly thirty years.

Western crops were put in under satisfactory conditions. If they turn out well, there should be a substantial improvement

in the purchasing power of the Prairie Provinces. Some wholesalers already report forward business, inspired by this belief.

India

Bombay.—The raw cotton market was unsettled by the release of about 1,000,000 bales of American loan cotton, and prices have moved irregularly. At one time, when they were low, heavy purchases were made for China and Japan, but subsequent short-covering drove up prices and restricted demand. The piece-goods market is firmer. There has been some demand for British light fabrics and fancy styles, while trade in Japanese goods has improved considerably. Demand for local goods is also better. The yarn market has been dull and difficult.

Calcutta.—Reports from the jute-growing districts stated that weather conditions were good. By the end of April sowing had nearly been completed on the low- and mid-land. Sellers of loose jute were offering freely, and when prices eased the mills began to take interest. There was a steady enquiry from shippers for baled jute, and a fair amount of business.

Rangoon.—Trade in rice is smaller than ever. There was no improvement during April in either European or Indian demand, while the firmness of paddy kept the price of rice far too high for potential consumers. Business in timber with Europe remained healthy, but enquiry has not yet fully revived. There is some demand from Bombay for heavy scantlings and planks, but otherwise the Indian market is dull. Trade in hardware has been disappointing for what should be the best month in the year. Japanese competition in galvanised corrugated sheets is becoming more intense. Dealers are not anxious to extend credit to new customers, and have been mainly anxious to clear stocks.

Irish Free State

Seasonal farm-work is now well advanced. Livestock are healthy, but below normal in condition. Sowings of the flax crop are incomplete, but an increase of nearly 50 per cent. in the acreage is indicated. Spring cereal crops and potatoes were sown under favourable conditions. The area under wheat has increased by about 20 per cent., but the area under oats and barley will show little change. Stocks of potatoes for export were cleared by the end of April. Cattle fairs were of

average dimensions, with a steady demand. Sheep are in good health, although somewhat backward owing to the bareness of the pastures. More pigs have been on sale than last month, and breeding stocks are well maintained.

The Budget statement for the coming year estimates revenue at £30,536,000, and expenditure at £30,183,500. Tax proposals show unimportant changes. Income tax remains at 4s. 6d. in the pound, but the allowance for children is increased from £50 to £60. Tax on sugar, both home and imported, is reduced by ¼d. per lb. The levy on cattle and sheep will be abolished as from August 1st.

France

From Lloyds & National Provincial Foreign Bank Limited

Foreign trade returns for the first four months of the year, compared with the same period of last year, are summarised below :—

	First 4 months 1935	First 4 months 1936	Change between 1935 and 1936
	Frs. mill.	Frs. mill.	Frs. mill.
Imports—			
Foodstuffs	2,091	2,453	+ 362
Raw Materials	3,769	4,479	+ 710
Manufactured Articles ...	1,247	1,222	− 25
Total	7,107	8,154	+1,047
Exports—			
Foodstuffs	829	738	− 91
Raw Materials	1,493	1,376	− 117
Manufactured Articles ...	3,075	2,757	− 318
Total	5,397	4,871	− 526

The adverse visible trade balance amounts to Frs.3,283 millions, compared with Frs.1,710 millions last year. This is due largely to the increase in the imports of foodstuffs and raw materials.

Figures covering railway receipts from January 1st to April 28th are given below :—

	Receipts.	Decrease as compared with last year.
	Frs. '000.	Frs. '000.
Alsace and Lorraine	197,310	19,083
Est	410,392	7,316
Etat	465,234	4,468
Nord	461,500	8,836
Orleans and Midi	597,630	17,566
P.L.M.	829,410	10,940
Total ...	2,961,476	68,209

On the Stock Exchange markets have fluctuated rather widely owing to recent events. Government stocks are now firmer, but money has again been stringent, and on May 6th Bank rate had to be raised from 5 to 6 per cent.

Bordeaux.—The uncertainty of the political situation has indirectly caused an increase in prices in all markets. Although business remains quiet, prices in the wine trade are firm with an upward trend, especially in ordinary wines. Prices in the resin and turpentine markets are also firm.

Le Havre.—Home demand for coffee has been restricted to current requirements, and heavy arrivals have increased stocks awaiting clearance through the Customs. The "futures" market has been featureless, but foreign exchange uncertainties have led to some new speculation. Cotton prices are steady and firm. The market is satisfactorily absorbing large sales of Pool cotton, and bull speculation has more than offset this liquidation of American Government Stocks. Demand from the mills continues satisfactory, and there is a temporary shortage of certain grades.

Lille.—Cotton prices have been steady, but political uncertainty has restricted business. The general improvement is maintained, however, and unemployment figures are satisfactory. Competition in yarns continues keen. In the linen trade the continued fall in raw flax prices caused spinners to buy heavily with a view to building up stocks. Prices of yarns have not yet fallen in sympathy, and some spinners are envisaging more profitable business. Weavers are fairly well employed, and in mixed yarns particularly are doing good business.

Roubaix.—Trade has been considerably affected by political events. Though the Option market has been active there is a general hesitation to buy, which is particularly noticeable in the retail trade. Sales of men's suitings are lower than ever before, and this is affecting production, but dress goods show only a slight decrease. Combers are still working well below capacity, and prospects for the future are poor. There has recently been a slight increase in stocks of tops. In spinning the situation is about the same as a month ago.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—The political situation in France has given rise to some uncertainty, but Government Bonds continue to be supported and prices have remained firm. Business in the produce markets has declined in volume, but prices are mainly unchanged. Wool, however, following the recent unfavourable sales in London, has weakened considerably in price.

Brussels.—Although there is no notable change in the iron and steel trade, business is rather quieter. Important orders continue to come from England, and also from Portugal, Holland, and Scandinavia. Of the supplementary tonnage amounting to 33,000 tons for each of the months of May and June, England has already taken up 16,000 tons. Demand for house coal is now definitely on the decline, after what must be regarded as quite an exceptional year. Industrial fuel continues to be well absorbed.

Germany

The spring trade recovery has this year spread to nearly all branches of industry. During April unemployment fell from 1,937,000 to 1,763,000. These returns are considerably better than those of April last year, when unemployment only fell from 2,402,000 to 2,233,000. April pig-iron production at 1,210,800 tons showed little change from the March returns of 1,250,600 tons, but the output of motor vehicles has risen to a new high record. There has been some improvement in most branches of the engineering industry, and the textile trades are also a little busier. Between March and April imports rose from Rm.355 to Rm.360 millions, but exports fell from Rm.379 to Rm.365 millions. This reduces the export surplus to only Rm.5 millions, but Germany's foreign trade is now so carefully controlled that no serious deficit is likely.

Early May witnessed a sharp recovery in Stock Exchange prices. Shares rose on the average by 8 per cent. in the course of a month, while bonds remained firm. There have been suggestions that this rise in prices is due to fears of impending devaluation, but the strength of the bond market rebuts such views. A much more likely explanation is to be found in the favourable impression created by recent industrial reports.

Holland

The result of the French elections, followed by the weakness of the franc, have had certain repercussions in Holland. During the week ended May 11th, which was the most critical week of all, the Netherlands Bank lost Fl.12·7 millions of gold, which reduced its gold stocks from Fl.710 to Fl.697 millions. Still, there was no demand for fresh accommodation at the Netherlands Bank, and commercial bank balances at the Central Bank increased. This proved that there was no withdrawal of funds from the Dutch banks. The gold cover at the Central Bank still amounts to 79·47 per cent. The Treasury's position is also very liquid, while the private discount rate at $2\frac{3}{16}$ per cent., or $\frac{5}{16}$ per cent. below Bank rate, also confirms that there is no strain. There is some movement in business circles in favour of devaluation—and an address was recently submitted to the Lower House of Parliament, but political opinion generally is in favour of an adherence to gold.

Company reports for 1935 reveal some improvement in profits. Another favourable change is the narrowing of the spread between wholesale and retail prices. Unemployment, however, remains unchanged at about 400,000. Comparing the first four months of 1935 and 1936, imports have risen from Fl.304 to Fl.313 millions, and exports from Fl.210 to Fl.212 millions. For April alone, imports have risen from Fl.78 to Fl.81 millions and exports from Fl.50 to Fl.57 millions. The April returns are thus more encouraging than those for the year to date.

News from the East Indies is encouraging. The East Indian budget is now in equilibrium, and prices of rubber, fibres and tobacco show a profit. Sales of sugar have increased during recent weeks.

Norway

Current economic statistics continue to bear evidence of recovery. Industrial production is well above last year's level, foreign trade is expanding, 95·1 per cent. of Norway's foreign-going fleet is in employment, and the national accounts show a good surplus. A new Government loan is being placed internally on a basis of $4\frac{1}{2}$ per cent. Wholesale prices remain firm and while the latest index number of 132 (1913=100),

appears high compared with the British price-level, there is no indication that it is high enough to cause any embarrassment. The maintenance of Norway's export trade suffices to dispel any such fears, but during 1935 there was some deterioration in Norway's favourable balance of payments.

Recent index numbers of industrial production are summarised below. The basis of these figures is the first half of 1933, which is taken as 100 :—

Year		Home Industries		Export Industries		All Industries	
		Feb.	March	Feb.	March	Feb.	March
1934	...	104	107	109	108	106	107
1935	...	108	107	129	108	115	107
1936	...	115	120	139	114	123	118

These figures are obviously subject to seasonal influences, but they record a general improvement over previous years.

The latest foreign trade returns are given below :—

	April 1935	March 1936	April 1936	First four months of 1935	First four months of 1936
	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.
Imports	64·8	74·2	68·3	241·8	277·7
Exports	38·9	56·4	43·8	188·1	213·6
Import Surplus ...	25·9	17·8	24·5	53·7	64·1

Estimates of Norway's complete balance of payments have now been calculated, and total income derived from exports, services and other earnings from abroad was estimated at Kr.1,103 millions in 1934 and Kr.1,161 millions in 1935. Expenditure on imports, foreign disbursements, interest, etc., was estimated at Kr.1,047 millions in 1934 and Kr.1,148 millions in 1935. The final surplus thus fell from Kr.44 millions in 1934 to Kr.13 millions for last year.

Sweden

The latest quarterly issue of the Swedish *Economic Review* describes 1935 as a year of continuous improvement. Industrial production improved, and employment was reasonably good. The main source of weakness was a decline in timber exports from 904,000 standards in 1934 to 754,000 standards in 1935. The effects of this contraction were aggravated by a 20 per cent. fall in timber prices.

Fortunately, general European agreement was reached last December, regulating exports from the different timber-producing countries. In consequence, the position of the

Swedish timber industry has improved during recent months, and up to the middle of May, 1936, 550,000 standards had been sold. Prices are firm, and Russian prices have been slightly advanced. The outlook for the remainder of this year is viewed with greater assurance.

The wood-pulp trade is in a very sound position. This year's output of sulphate and mechanical pulp has now been disposed of, and large contracts for sulphite, for both this year's and next year's delivery, were placed during May. Prices are firm, and sellers are watching out for a chance of securing better terms. The paper market is a shade weaker, as many buyers have already filled their requirements for a long time ahead. All the Northern paper mills are well supplied with orders for the next few months, and the outlook is viewed with confidence. Consumption of newsprint is increasing.

The iron market has strengthened. Both April iron consumption and steel production established new high records. The shipyards and certain engineering industries are fully employed.

Denmark

It is not entirely easy to assess the economic position of Denmark. Current reports do not convey quite the same impression of general recovery as is noticeable in Norway and Sweden, and Denmark also finds it necessary to impose a fairly strict control over imports. Her proximity to Germany means that there is a fair volume of trade between the two countries, and this involves her in exchange difficulties and special arrangements. Again her export trade is mainly in dairy produce and here she is affected by the desire of other countries to develop their own agriculture. On the other hand, she has recently been obtaining better prices for her exports. Compared with 1931, the average export price index for April stood at 143, while the average import price index is 132. These figures are not quite so favourable to her as those of the preceding month, which stood at 150 and 131, respectively, but the margin is still in her favour. The latest returns show that 69,189, or 17·2 per cent. of all registered workers, were unemployed. There was a sharp decline of 22,840, compared with the previous month, but there was an increase of 5,039 in comparison with a year ago.

The calculations of Denmark's balance of payments for 1935, recently published, are also encouraging. Compared with 1934, the import surplus was reduced by Kr.57 millions, and shipping earnings improved. In consequence an adverse balance of Kr.38 millions for 1934 was transformed into a favourable balance of Kr.71 millions for 1935. This latter estimate includes gold exports of Kr.31 millions, but apart from this the favourable balance was Kr.40 millions. Unfortunately there was not an equivalent reduction in Denmark's external indebtedness during 1935. The Statistical Department ascribes this in part to the slower repatriation by Danish firms of foreign balances, and in part to prepayments during 1935 for goods imported during the current year.

The latest foreign trade returns are summarised below :—

	April, 1935 Kr. mill.	April, 1936 Kr. mill.	First four months of 1935 Kr. mill.	1936 Kr. mill.
Imports	97·7	95·0	429·7	424·9
Total Exports ...	97·0	105·9	395·8	430·1
Balance ...	−0·7	+10·9	−33·9	+5·2

These returns show that the improvement of 1935 is being continued into the current year.

The Government has just raised two loans in Swedish kroner—one of Kr.25 millions at 4 per cent., redeemable over 20 years, at an issue price of 96½; and the other for Kr.15 millions, at 3 per cent. for five years, at 98·38. The proceeds of the loan will be used for reducing the current debt of Kr.69 millions due to the State Bank, which in turn will have at its disposal the foreign exchange derived from the operation. An internal loan of Kr.20 millions (in Danish kroner) may be issued at a subsequent date. The terms of these recent operations are not unfavourable to the Government, and suggest that Danish credit stands reasonably high.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The political situation in France which ensued on the result of the French election caused a weakening of the Swiss exchange on London from between Frs.15·15 and Frs.15·20 to Frs.15·35. Three months' Swiss francs also weakened

against sterling to a discount equivalent to 6 per cent. per annum. Dealings, however, were very restricted and the market is only nominal. The movement of gold into the country which was taking place early in April has now ceased, and the exchange rate on Paris has lately been in the neighbourhood of the gold export point. On the Bourse the shares of the best companies, such as Nestlés, have shown firmness, with a tendency to appreciate. Federal Bonds have kept fairly steady, but with a tendency to sag.

Spain

The trade returns for March show a satisfactory tendency. As compared with the previous month imports fell by Ptas.17·4 millions and exports rose by Ptas.4·4 millions. The latter movement may be regarded as seasonal, and the former is exceptional and is probably due to exchange restrictions. The adverse balance for the first quarter at Ptas.46·8 millions is Ptas.7 millions below that of the same period last year. The increase in exports is due to larger shipments of foodstuffs, which rose from Ptas.105 millions in the first quarter of 1935 to Ptas.112 millions for the same period of this year. Total exports for this quarter are Ptas.160·2 millions, and imports Ptas.207 millions. All these returns are quoted in gold pesetas.

The recent scheme for the granting of loans to olive oil producers subject to the retention of the oil for agreed periods, is thought to have been successful. Large quantities of oil are now being withheld from the market, especially in Andalusia. Exports of olive oil for the first quarter of 1936 totalled kilos. 20 millions, at an increase of 44 per cent. over the same period of 1935. Any attempt to solve the problem of unemployment has been delayed by political developments. Measures are being considered for schemes of public works, and under the Agrarian Reform Law some 11,000 families are to be settled on the land in the province of Toledo by the end of June. At the end of February the number of unemployed totalled almost 844,000 and it is doubtful if the present piecemeal schemes can check the discontent that distress is fomenting. Meanwhile business conditions are likely to remain dull until the Government unemployment and foreign exchange policy is made known.

Morocco

From the Bank of British West Africa Limited

The Easter holidays and Jewish Passover Feast interfered with business in the French Zone of Morocco for a few weeks, but there has since been more movement, and prospects would be better but for the political and financial outlook in France.

Reports on the new season's crops continue, generally, to be encouraging, but the smaller area under wheat this year is reported as likely to result in a harvest of 20 to 25 per cent. below normal. Recent heavy rains have, in places, not assisted certain crops, but the cattle have benefited therefrom. Barley prospects are excellent, and those for oats are very good. Maize is doing well, and reports from the Haha and Sous districts on the almond crop prospects are good. Estimated seed crops this year are—canary seed, 8,000 tons; cumin seed, 1–1,200 tons; fenugreek, 3,000 tons and coriander, 8,000 tons. Exports of early vegetables continue to France, while some 2,500 packages of carrots have been sent to test the London market. In the first four months of this year French Morocco exported one-and-a-quarter million packages of early vegetables, mostly to France.

On March 30th, 1936, 57,223 motor vehicles were registered in French Morocco, of which 39,442 were private cars; the British share in this trade is infinitesimal. Property registration, in all categories, showed a marked increase in 1935.

The United States

Business continues to make progress. Normally there is some recession after the first spring awakening of business, but this year activity is well maintained. In the heavy industries steel production has lately been remaining at just under 70 per cent. of capacity, and during May good orders begun to come in from the railways. April production of motor vehicles was back to level of 1929, immediately before the depression. On the other hand reports from the building trades are disappointing. Residential building is no better than last year, while except for Government contracts there is little revival in non-residential building. General trade and consumption are well maintained, and as the first veterans' bonus payments are

expected during June, the purchasing power of the public should receive a further stimulus. Industrial unemployment, however, remains serious.

Latest reports from the cotton belt state that good rains have greatly improved prospects in the West, and that a little rain has fallen in the East where it was badly needed. Sales of loan cotton have been well absorbed, but spinners are not willing to pay the high premium now current for new crop "futures." Exports of raw cotton to date are running at about 1,250,000 bales over those of last year.

Japan

The import surplus during the first four months of this year amounted to Yen 264 millions, or an increase of 48 per cent. over the corresponding surplus for last year. This is due mainly to a fall in the exports of principal commodities, except rayon textiles, and to the increase in the imports of raw wool.

Early in May there was a strong demand for money, accounted for by over-buying of Government bonds, remittances to provincial centres, and settlement of accounts in the stock market. The Bank of Japan's loans and note issue both show an expansion. It is unlikely that sales of Government bonds will be resumed at present. On May 6th the buying price of gold was raised to Yen 3·50 per gramme. Capital issues during April totalled Yen 324 millions, an increase of Yen 277 millions on the previous month, and of Yen 118 millions on April last year. The recent uneasiness on the stock market resulting from rumours in regard to taxation and industrial control has subsided, but a cautionary mood still prevails prior to the special session of the Diet. There is, however, a strong undertone. The commodity markets have maintained a steady tone with only slight fluctuation. The index of wholesale prices for April was 192·4. Foreign exchange rates are unchanged.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
„ „ 1932	360·5	11·0	240·9	19·3	3·8	260·0	120·8
„ „ 1933	367·1	11·0	249·9	10·5	3·6	275·0	171·8
„ „ 1934	378·8	11·0	245·4	0·1	3·5	275·0	191·1
„ „ 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
„ „ 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
May 13, 1936	424·8	11·0	247·8	0·3	0·9	260·0	204·3
May 20, 1936	423·1	11·0	247·8	0·3	0·9	260·0	205·4

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
„ „ 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
„ „ 1933	21·2	92·8	35·0	57·7	11·8	17·2	80·6	54·0
„ „ 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
„ „ 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
„ „ 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
May 13, 1936	13·3	83·2	37·0	89·9	8·8	12·3	40·3	30·1
May 20, 1936	21·0	80·1	36·8	91·2	7·1	14·3	43·1	31·2

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Acceptances, Guarantees, etc.	Cash.	Balances and Cheques.	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
„ 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
„ 1933	1,925·2	95·8	207·0	40·1	108·7	348·1	510·2	766·2
„ 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
„ 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
March, 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2
April, 1936*	2,153·6	104·4	227·4	57·6	160·7	268·3	636·9	864·3

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing.	Metropolitan Clearing.	Country Clearing.	Total.
	£ mn.	£ mn.	£ mn.	£ mn.
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1935 to May 22	12,736	742	1,249	14,727
1936 to May 20	12,805	792	1,365	14,962
1935, May (4 weeks) ...	2,517	146	259	2,922
1936, May (4 weeks) ...	2,546	158	276	2,980

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1925.	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	Mar., 1936.	Apr., 1936.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·3	11·9	9·0	9·7	11·3	9·6	10·7	9·6
Bradford	—	5·9	3·4	3·3	4·2	3·8	4·7	4·4
Bristol	5·1	5·3	4·9	5·0	5·4	4·9	5·5	5·0
Hull	4·8	4·0	3·0	3·2	3·2	3·2	3·4	3·5
Leeds...	4·5	4·4	3·8	3·8	4·4	4·3	3·9	3·6
Leicester	3·6	3·6	3·1	3·1	3·3	2·8	3·1	3·0
Liverpool	42·5	34·2	25·6	25·6	26·8	25·8	27·5	24·1
Manchester	77·4	58·0	42·5	42·1	46·1	42·8	44·9	40·8
Newcastle-on-Tyne...	7·8	6·5	5·7	6·5	6·9	5·5	5·7	5·1
Nottingham	2·3	2·8	1·9	1·9	2·0	2·0	2·1	2·0
Sheffield	5·0	4·6	3·3	3·5	3·6	3·4	4·3	3·9
	164·3	141·2	106·2	107·7	117·2	108·1	115·8	105·0

LONDON AND NEW YORK MONEY RATES

	London.					New York.		
	Bank Rate.	Treasury Bills. Tender Rate.	Treasury Bills. Market Rate.	3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Accept-ances.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1931	3	$2\frac{11}{16}$	$2\frac{9}{16}$–$2\frac{5}{8}$	$2\frac{9}{16}$–$2\frac{5}{8}$	2–$2\frac{1}{4}$	2	$1\frac{1}{2}$	$1\frac{5}{8}$
" " 1932	$3\frac{1}{2}$	$2\frac{5}{32}$	$1\frac{7}{8}$	$2\frac{1}{8}$–$2\frac{1}{4}$	2–3	3	$2\frac{1}{2}$	$2\frac{1}{2}$
" " 1933	2	$\frac{13}{16}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{5}{8}$	$\frac{1}{2}$–1	$3\frac{1}{2}$	3	$2\frac{1}{2}$
" " 1934	2	$\frac{13}{16}$	$\frac{7}{8}$	$\frac{15}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{5}{8}$
" " 1935	2	$\frac{1}{2}$	$\frac{1}{2}$–$\frac{11}{16}$	$\frac{9}{16}$–$\frac{5}{8}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{3}{16}$
" " 1936	2	$\frac{15}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$
April 22nd, 1936	2	$\frac{15}{32}$	$\frac{1}{2}$	$\frac{17}{32}$–$\frac{9}{16}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{16}$
May 20th, 1936	2	$\frac{9}{16}$	$\frac{1}{2}$	$\frac{19}{32}$–$\frac{5}{8}$	$\frac{1}{2}$–1	$1\frac{1}{2}$	1	$\frac{3}{16}$

FOREIGN EXCHANGES

London on	Mint Parity	1934.	1935.	1936.			
		May 23	May 22	April 29	May 6	May 13	May 20
New York—							
(a) Spot ...	\$4·866	5·08$\frac{1}{2}$	4·91	4·93$\frac{7}{8}$	4·96$\frac{1}{2}$	4·96$\frac{7}{8}$	4·97$\frac{1}{16}$
(b) 3 months	—	$\frac{5}{8}$c. dis.	$1\frac{1}{4}$c. pm.	$\frac{11}{16}$c. pm.	$\frac{5}{8}$c. pm.	$\frac{7}{8}$c. pm.	$\frac{13}{16}$c. pm.
Montreal ...	\$4·866	5·08	4·90$\frac{1}{2}$	4·95$\frac{5}{8}$	4·96$\frac{1}{2}$	4·97$\frac{1}{2}$	4·98$\frac{5}{8}$
Paris—							
(a) Spot ...	Fr.124·21	77$\frac{1}{32}$	74$\frac{13}{16}$	74$\frac{31}{32}$	75$\frac{5}{16}$	75$\frac{9}{32}$	75$\frac{1}{2}$
(b) 3 months	—	22$\frac{1}{2}$c. dis.	135c. dis.	Fr.3$\frac{1}{16}$ dis.	Fr.4$\frac{7}{16}$ dis.	Fr. 4$\frac{3}{4}$ dis.	Fr.5$\frac{3}{16}$ dis.
Berlin—							
(a) Official ...	Mk.20·43	12·91$\frac{1}{2}$	12·21	12·29	12·29	12·33	12·35
(b) Registered Marks	—	34$\frac{1}{2}$% dis.	48$\frac{1}{2}$% dis.	45$\frac{1}{2}$% dis.	49% dis.	4 6$\frac{1}{2}$% dis.	46$\frac{1}{2}$% dis.
Amsterdam ...	Fl. 12·11	7·50	7·26$\frac{1}{2}$	7·27$\frac{3}{4}$	7·31	7·35	7·35$\frac{1}{2}$
Brussels ...	Bel.48·611	21·74	29·05	29·22$\frac{1}{2}$	29·19	29·31$\frac{1}{2}$	29·39
Milan	Li. 92·46	59$\frac{3}{8}$	59$\frac{13}{16}$	62$\frac{11}{16}$	63$\frac{5}{16}$	63$\frac{5}{16}$	63$\frac{5}{8}$
Zurich ...	Fr. 25·22$\frac{1}{2}$	15·63	15·20	15·21	15·28	15·33$\frac{1}{2}$	15·38
Stockholm ...	Kr. 18·16	19·40	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$	19·39$\frac{1}{2}$
Madrid ...	Ptas.25·22$\frac{1}{2}$	37$\frac{1}{2}$	36	36$\frac{5}{16}$	36$\frac{11}{16}$	36$\frac{11}{16}$	36$\frac{7}{16}$
Vienna... ...	Sch.34·58$\frac{1}{2}$	28*	26$\frac{1}{2}$	26$\frac{1}{2}$	26$\frac{1}{2}$	26$\frac{1}{2}$	26$\frac{1}{2}$
Prague... ...	Kr.197·10	122	117$\frac{7}{8}$	119$\frac{1}{2}$	119$\frac{3}{4}$	119$\frac{5}{8}$	120
Buenos Aires—							
(a) Export ...	Pes. to £1	15	15	15	15	15	15
(b) Import ...	Pes. to £1	17·41	16·97	17·02	17·02	17·02	17·02
(c) Free ...	Pes. to £1	21·60	18·89	17·97	18·00	18·00	18·00
Rio de Janeiro—							
(a) Official ...	—d.	4d.	4$\frac{1}{8}$d.	4$\frac{1}{8}$d.	4$\frac{1}{8}$d.	4$\frac{1}{8}$d.	4$\frac{1}{8}$d.
(b) Free ...	—d.	3$\frac{1}{8}$d.	2$\frac{13}{16}$d.	2$\frac{11}{16}$d.	2$\frac{11}{16}$d.	2$\frac{11}{16}$d.	2$\frac{11}{16}$d.
Valparaiso ...	Pes. 40	49·70†	118‖*	131‖*	133‖*	134‖*	134‖*
Bombay ...	18d.	18d.	18$\frac{1}{8}$d.	18$\frac{1}{8}$d.	18$\frac{1}{8}$d.	18$\frac{1}{8}$d.	18$\frac{1}{8}$d.
Hong Kong ...	—d.	17$\frac{1}{4}$d.	29$\frac{1}{8}$d.	15$\frac{7}{8}$d.	15$\frac{7}{8}$d.	15$\frac{7}{8}$d.	15$\frac{3}{4}$d.
Kobe	24·57d.	1/2$\frac{1}{4}$	1/2$\frac{1}{8}$	1/2$\frac{1}{32}$	1/2$\frac{1}{32}$	1/2$\frac{1}{32}$	1/2$\frac{1}{16}$
Shanghai ...	—d.	15$\frac{5}{8}$d.	20$\frac{3}{8}$d.	14$\frac{1}{8}$d.	14$\frac{1}{8}$d.	14$\frac{1}{8}$d.	14$\frac{1}{8}$d.
Gold price ...	per oz.	136s. 6$\frac{1}{2}$d.	141s. 11$\frac{1}{2}$d.	140s. 9$\frac{1}{2}$d.	140s. 8d.	140s. 0d.	139s.11$\frac{1}{2}$d.
Silver price ...	per oz.	19$\frac{11}{16}$d.	34$\frac{11}{16}$d.	20$\frac{3}{16}$d.	20$\frac{1}{8}$d.	20$\frac{7}{16}$d.	20$\frac{3}{16}$d.

* Nominal. † Official Rate. ‖ Revalued on January 1st, 1935; export rate.

PUBLIC REVENUE AND EXPENDITURE

	1932–33.	1933–34.	1934–35.	1935–36.	1935–36 to May 18	1936–37 to May 16
REVENUE—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Income Tax	251·5	228·9	228·9	238·1	11·7	9·7
Sur-Tax	60·7	52·6	51·2	51·0	2·9	3·1
Estate Duties	77·1	85·3	81·3	87·9	12·2	10·4
Stamps	19·2	22·7	24·1	25·8	1·3	1·5
Customs	167·2	179·2	185·1	196·6	24·8	25·5
Excise	120·9	107·0	104·6	106·7	16·1	10·7
Motor Vehicles Duties (Exchequer Share)... ...	5·0	5·2	5·1	5·0	0·6	0·9
Other Tax Revenue	3·1	2·6	3·1	2·1	0·1	0·1
Total Tax Revenue	704·7	683·5	683·4	713·2	69·7	61·9
Post Office	10·9	13·1	12·2	11·7	6·2	6·2
Crown Lands...	1·2	1·2	1·3	1·4	0·1	0·2
Receipts from Sundry Loans	5·1	4·7	4·4	4·9	0·2	0·3
Miscellaneous Receipts ...	22·9	22·1	15·1	21·7	4·2	1·4
Total Non-Tax Revenue ...	40·1	41·1	33·0	39·7	10·7	8·1
Total Ordinary Revenue ...	744·8	724·6	716·4	752·9	80·4	70·0
Post Office	59·3	59·3	61·8	66·1	5·0	5·1
Road Fund	22·9	25·5	26·4	25·8	3·2	3·1
Total Self-balancing Revenue ...	82·2	84·8	88·2	91·9	8·2	8·2
EXPENDITURE—						
National Debt Interest ...	262·3	212·9	211·6	211·5	38·3	37·6
Payments to N. Ireland ...	7·0	6·6	6·8	7·2	0·4	0·5
Other Cons. Fund Services ...	3·3	4·1	3·6	5·7	0·3	0·3
Post Office Fund	—	—	2·3	1·1	—	—
Supply Services	458·3	458·8	472·2	512·0	59·3	62·4
Total Ordinary Expenditure ...	730·9	682·4	696·5	737·5	98·3	100·8
Sinking Fund...	17·2	7·7	12·3	12·5	—	—
Payments to U.S. Govt. ...	29·0	3·3	—	—	—	—
Self-balancing Expenditure (As per contra)	82·2	84·8	88·2	91·9	8·2	8·2

PRODUCTION

	Coal.	Pig-Iron.	Steel.
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
„ 1925	243·2	6,262	7,385
„ 1929	257·9	7,589	9,636
„ 1930	243·9	6,192	7,326
„ 1931	219·5	3,773	5,203
„ 1932	208·7	3,574	5,261
„ 1933	207·1	4,136	7,024
„ 1934	221·0	5,969	8,850
„ 1935	222·9	6,426	9,842
Total to April, 1935	75·7	2,085	3,178
Total to April, 1936	79·1	2,444	3,822

BOARD OF TRADE PRODUCTION INDEX NUMBER (1930 = 100)

	Complete Year		1935.				1936.
	1934	1935	1st Qr.	2nd Qr.	3rd Qr.	4th Qtr.	1st Qr.
Mines and Quarries	90·8	91·7	95·4	87·3	85·8	98·2	100·5
Iron and Steel	115·7	125·6	121·9	123·2	124·1	133·3	146·2
Non-Ferrous Metals	122·7	137·3	142·2	138·4	136·6	132·1	134·8
Engineering and Shipbuilding	94·0	104·9	105·7	103·6	102·3	108·1	116·0
Building Materials and Building	133·4	147·0	135·9	148·5	153·5	150·2	149·9
Textiles...	113·3	118·9	118·9	116·7	113·3	126·5	126·7
Chemicals, Oils, etc.	104·6	111·8	109·3	108·6	108·8	120·3	116·2
Leather and Boots and Shoes	104·5	116·0	116·8	115·2	109·7	122·1	126·7
Food, Drink and Tobacco ...	102·3	107·6	98·7	108·6	109·2	113·9	106·9
Total*	106·1	113·5	113·0	111·6	110·8	120·8	123·1

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.
End of—								
January	12·3	12·4	21·5	22·4	23·1	18·6	17·6	16·3
February	12·1	12·9	21·7	22·0	22·8	18·1	17·5	15·4
March	10·0	13·7	21·5	20·8	21·9	17·2	16·4	14·4
April	9·8	14·2	20·9	21·4	21·3	16·6	15·6	13·8
May	9·7	15·0	20·8	22·1	20·4	16·2	15·5	
June	9·6	15·4	21·2	22·2	19·4	16·4	15·4	
July	9·7	16·7	22·0	22·8	19·5	16·7	15·3	
August	9·9	17·1	22·0	23·0	19·1	16·5	14·9	
September	10·0	17·6	22·6	22·8	18·4	16·1	15·0	
October	10·3	18·7	21·9	21·9	18·1	16·3	14·6	
November	10·9	19·1	21·4	22·2	17·9	16·3	14·6	
December	11·0	20·2	20·9	21·7	17·5	16·0	14·2	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1929.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Mar., 1935.	April, 1935.	Mar., 1936.	April, 1936.
Number of Insured Persons unemployed—								
Wholly unemployed	920	2,129	2,205	1,814	1,727	1,655	1,551	1,468
Temporarily stopped	200	427	511	317	324	285	240	252
Normally in casual employment ...	84	104	105	94	92	90	88	88
Total	1,204	2,660	2,821	2,225	2,143	2,030	1,879	1,808

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 20 Weeks			
	May 19, 1935.		May 17, 1936.		1935.		1936.	
	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0·8	1·0	0·7	1·2	3·4	5·6	3·4	5·8
London & North Eastern*	1·2	2·0	1·1	2·2	5·4	10·8	5·4	11·3
London Midland & Scottish	1·8	2·5	1·7	3·0	8·1	13·9	8·1	14·6
Southern	1·2	0·4	1·1	0·4	5·1	1·8	5·1	1·9
Total	5·0	5·9	4·6	6·8	22·0	32·1	22·0	33·6

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	April, 1933.	April, 1934.	April, 1935.	Mar., 1936.	April, 1936.
By CATEGORIES: Great Britain	%	%	%	%	%
Total	Nil	− 3·2	+10·3	+ 7·9	+ 5·0
Food and Perishables	− 4·3	− 1·2	+ 8·3	+ 9·3	+ 9·7
Other Merchandise of which					
Piece-goods*	− 5·6	− 0·2	− 4·5	− 2·7	− 6·8
(i) Household Goods ...	− 9·7	+ 0·1	+ 6·8	+ 1·3	− 2·6
(ii) Dress Materials... ...	− 4·4	− 0·2	− 9·1	− 4·9	− 8·8
Women's Wear*	+11·7	−10·9	+15·3	+ 7·0	− 1·0
(i) Fashion Departments ...	+17·1	− 9·5	+17·8	+ 8·1	− 0·5
(ii) Girls' and Children's Wear	+16·8	−10·5	+10·6	+12·3	+ 3·3
(iii) Fancy Drapery	+ 5·3	−12·0	+14·8	+ 5·3	− 2·5
Men's and Boys' Wear ...	+16·3	− 5·6	+13·8	+ 6·8	− 2·0
Boots and Shoes	+13·0	−14·9	+21·9	+ 5·8	− 0·8
Furnishing Departments ...	− 5·0	+ 5·0	+ 9·4	+ 5·4	− 0·4
Hardware	+ 6·6	+ 2·1	+ 8·1	+ 9·9	+ 6·3
Fancy Goods	+ 9·9	− 5·0	+14·6	+ 5·3	+ 5·1
Sports and Travel	+11·8	− 8·0	+14·4	+ 9·9	− 1·7
Miscellaneous and Unallocated	−12·7	+ 6·8	+ 5·9	+ 7·8	+ 7·6
By AREAS—					
All Categories—					
Scotland	− 2·6	− 2·4	+ 5·9	+ 7·6	+ 7·4
Wales & North of England ...	− 2·9	− 2·3	+ 9·1	+ 7·4	+ 5·3
South of England	+ 1·8	− 3·7	+12·5	+ 9·6	+ 6·3
London, Central & West End	+ 6·9	− 3·6	+ 7·9	+ 6·0	− 0·6
London, Suburban	− 0·3	− 4·5	+14·0	+ 7·7	+ 5·8

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	Imports.				Exports.			
	Food.	Raw Materials.	Manufactured Goods.	Total.	Food.	Raw Materials.	Manufactured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47·5	35·4	26·6	110·1	4·6	7·0	51·4	64·4
1929	44·6	28·3	27·9	101·7	4·6	6·6	47·8	60·8
1930	39·6	20·9	25·6	87·0	4·0	5·3	36·7	47·6
1931	34·7	14·4	21·8	71·8	3·0	3·9	24·3	32·6
1932	31·1	13·7	13·1	58·5	2·7	3·6	23·0	30·4
1933	28·3	15·0	12·6	56·3	2·4	3·8	23·4	30·6
1934	28·9	17·5	14·3	61·0	2·5	4·0	25·4	33·0
1935	29·7	17·7	15·4	63·1	2·6	4·4	27·4	35·5
April, 1935	27·2	17·0	15·5	59·9	2·2	4·0	25·9	33·0
April, 1936	28·4	20·0	17·9	66·7	2·4	3·9	26·0	33·4

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures
Monthly Average—	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,057	720	141	185	325	96
April, 1935	8,086	429	833	1,217	123	162	294	63
April, 1936	8,337	633	1,229	1,088	164	204	118	121

SOME LEADING EXPORTS

	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11·3	370	11,015	3,492	1,481
1929	5,022	365	47	11·8	306	9,016	3,490	1,991
1930	4,573	263	40	11·1	201	6,587	2,893	1,602
1931	3,563	165	27	11·4	143	4,694	2,479	1,429
1932	3,242	157	25	13·9	183	4,461	2,358	2,246
1933	3,256	160	23	15·8	169	5,110	2,741	2,821
1934	3,305	188	28	10·9	166	5,745	2,772	2,904
1935	3,226	198	32	11·8	162	5,941	3,218	3,683
April, 1935	2,873	204	32	10·5	159	4,549	2,461	3,581
April, 1936	2,537	178	31	11·9	141	5,174	2,372	3,591

PRICES

1. WHOLESALE PRICES

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1913	115·8	101·1	111·1	112·0	91·9
1925	177·9	152·3	154·1	148·9	130·2
1929	150·9	139·4	141·3	146·0	126·1
1931	107·7	103·5	105·5	103·5	101·9
1932	103·5	89·3	92·0	93·1	88·7
1933	103·5	93·7	87·7	86·6	85·7
1934	106·4	111·1	83·1	84·2	90·4
1935	108·1	120·3	78·4	—	93·5
End April, 1935 ...	105·2	118·6	78·2	91·7	92·6
„ May, 1935 ...	107·7	119·3	79·8	94·2	92·7
„ April, 1936 ...	112·7	119·2	85·0	—	95·3
„ May 22, 1936 ...	112·7	116·7	85·2*	—	95·3

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.
* May 15th.

2. RETAIL PRICES (cost of living)

Date.	Food.	Rent (including Rates).	Clothing.	Fuel and Light.	Other Items included.	All Items included.
End of 1925 ...	71	48	125	80–85	80	75
1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70–75	70–75	42
1933 ...	24	56	85	70–75	70–75	42
1934 ...	25	56	85–90	70–75	70–75	44
End April, 1935 ...	18	58	85–90	70	70	39
„ Mar., 1936 ...	26	58	85–90	75–80	70	44
„ April, 1936 ...	25	59	90	75	70	44

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton £	per lb. d.
Average 1913 ...	36 10	—	7·01	29 3/16	58 1½	—	36½
1925 ...	66 4⅜	12 9	12·65	54 11/16	72 9¾	261 3/16	34 3/16
1929 ...	54 0¾	9 0⅜	10·29	38⅝	70 4½	203 11/16	10½
1931 ...	28 2¾	6 4½	5·08	23 1/16	58 7	118⅝	3⅜
1932 ...	30 6⅛	5 9⅜	5·29	22 1/16	58 6	136 3/16	2 3/16
1933 ...	28 2	5 4	5·53	28 3/16	62 3	194 11/16	3¼
1934 ...	30 11	4 8⅛	5·66	30 13/16	66 10½	230	6 3/16
1935 ...	34 3⅛	4 8	6·69	28	67 10	225 13/16	5 11/32
April, 1935 ...	35 3¾	5 0⅛	6·55	25 1/16	67 6	223 11/16	5⅝
Mar., 1936 ...	34 2¼	4 11⅜	6·21	33	70 0	213⅝	7 7/16
April, 1936 ...	33 3¾	4 10	6·53	32⅞	70 0	209 11/16	7⅜

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